

R277-424 received final approval by the Utah State Board of Education on September 8, 2017. R277-424 is published in the October 1, 2017 Utah State Bulletin, subject to a 30-day comment period, with a first possible effective date of November 7, 2017.

R277. Education, Administration.

R277-424. Indirect Costs for State Programs.

R277-424-[2]1. Authority and Purpose.

~~[A.](1)~~ This rule is authorized by:

(a) Article X, Section 3 of the Utah Constitution, which vests general control and supervision ~~of~~over public education in the Board~~[-];~~;

(b) ~~Section 53A-1-401[(3)],~~ which allows the Board to ~~[adopt rules in accordance with its responsibilities.]~~ make rules to execute the Board's duties and responsibilities under the Utah Constitution and state law; and

(c) ~~[Section]~~ Subsection 53A-1-402(1)(e), which directs the Board to adopt rules for financial, statistical, and student accounting requirements~~[-; and]~~;

~~[B.](2)~~ The purpose of this rule is to establish Board standards for claiming indirect costs for state programs.

R277-424-[4]2. Definitions.

~~[A. "Board" means the Utah State Board of Education.]~~

~~[B.](1)~~ "Direct costs" mean~~[s]~~ costs ~~[which] that~~ can be easily, obviously, and conveniently identified by the ~~[Utah State Office of Education]~~ Superintendent with a specific program.

~~[C.](2)~~ "Indirect costs" mean~~[s]~~ the costs of providing indirect services. ~~[Restricted and non-restricted indirect costs are defined in R277-425, "Budgeting, Accounting and Auditing Handbook for Utah School Districts."]~~

~~[D.](3)~~ "Indirect Services" mean~~[s]~~ services ~~[which] that~~ cannot be identified with a specific program.

~~[E. "LEA" means a local education agency, including local school boards/public school districts and charter schools.]~~

~~[F. "Non-restricted indirect cost rate" means a rate assigned to each LEA annually, based on the ratio of non-restricted indirect costs to direct costs as reported in the annual financial report for the specific LEA.]~~

~~[G.](4)~~ "Restricted indirect cost rate" means a rate assigned to each LEA annually based on the ratio of restricted indirect costs to direct costs as reported in the annual financial report for the specific LEA.

~~[H.](5)~~ "Unallowable costs" mean~~[s]~~ expenditures directly attributable to governance~~[- Governance includes], including:~~

(a) salaries;~~[and]~~

(b) expenditures of the office of the district superintendent, the governing board, and election expenses~~[-];~~; and

(c) expenditures for fringe benefits, which are associated with unallowable salary expenditures.

(6) "Unrestricted indirect cost rate" means a rate assigned to each LEA annually, based on the ratio of unrestricted indirect costs to direct costs as reported in the annual financial report for the specific LEA.

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R277-424-3. Standards.

~~[A-]~~(1) An LEA[s] may charge indirect costs to state funded programs.

(2) The ~~[Board]~~ Superintendent ~~[shall]~~may not authorize or pay indirect costs to higher education institutions for state funded contractual work.

~~[B-]~~(3)(a) Prior to the beginning of each fiscal year, the ~~[Utah State Office of Education]~~Superintendent shall publish~~[es]~~ a schedule of the indirect cost rates for state programs.

~~(b)~~The ~~[schedule is]~~Superintendent shall develop~~[ed]~~ the schedule from ~~[data gathered from]~~information contained in the ~~[A]~~annual ~~[F]~~financial ~~[R]~~reports and specifically identified items submitted by ~~[the]~~ LEAs.

~~(c)~~ Each program schedule ~~[shows]~~ shall include:

~~(i)~~ whether or not the restricted or ~~[non-restricted]~~ unrestricted indirect cost rate applies; and

~~(ii)~~ whether or not indirect costs are allowable or applicable.

~~[C-]~~(4)(a) An LEA may recover~~[y of]~~ indirect costs ~~[is subject to availability of]~~ if funds are available.

~~(b)~~ If a combination of direct and indirect costs exceeds funds available, then the LEA may not recover the total cost of the project or program. ~~[Recovery of indirect costs for state programs is optional for LEAs.]~~

~~(c)~~ Recovery of indirect costs is not optional for state programs.

~~(d)~~ If an LEA elects to recover indirect costs, the LEA shall use the annual rates negotiated by the Superintendent for all applicable federal and state programs.

~~[D-]~~(5)(a) An LEA may only recover indirect costs for state programs ~~[may be recovered only]~~ to the extent that direct costs were incurred.

~~(b)~~ The Superintendent shall apply the indirect cost rate ~~[is applied]~~ to the amount expended, not to the total grant, in order to determine the amount for indirect costs.

KEY: education finance

Date of Enactment or Last Substantive Amendment: ~~[November 8, 2012]~~2017

Notice of Continuation: September 13, 2017

Authorizing, and Implemented or Interpreted Law: Art X Sec 3; 53A-1-402(1)(~~[f]~~e); 53A-1-401(~~{3}~~)